

**STATE OF RHODE ISLAND  
PUBLIC UTILITIES COMMISSION**

**IN RE: INTERSTATE NAVIGATION COMPANY        :**  
**FAST FERRY RATE FILING                        :**                        **DOCKET NO. 5034**

**ORDER**

On May 27, 2020, Interstate Navigation Company (Interstate) filed with the Public Utilities Commission (PUC) an application to increase the rates of its fast ferry, a seasonal discretionary passenger service that runs between Point Judith and Block Island.<sup>1</sup> This is the first request for a rate change related to the fast ferry service since 2016. Generally, Interstate proposed to raise individual rates by 18% or more. Interstate also proposed to discontinue the frequent user booklets and volume discount pricing.<sup>2</sup> During discovery, Interstate indicated that it would honor frequent user tickets issued in a prior year.<sup>3</sup>

In support of its filing, Interstate submitted the testimony of David Bebyn, CPA. He indicated that due to the COVID-19 pandemic, the ferry was required to operate at reduced capacity. He stated that “in order for the fast ferry operation to remain economically viable, with such reduced passenger capacity, it is necessary for the rates to increase to cover Interstate’s expenses.”<sup>4</sup>

As part of its filing, Interstate filed a motion requesting the PUC find that good cause existed under R.I. Gen. Laws § 39-3-12 to waive the hearing requirement of § 39-3-11 and to

---

<sup>1</sup> Interstate Filing (May 27, 2020); <http://www.ripuc.ri.gov/eventsactions/docket/5034-Interstate-FastFerry-Rate%20Change%20Package%205-27-20.pdf>. The discretionary service of the fast ferry is distinguished from the traditional ferry service offered year-round by Interstate Navigation Company, which carries passengers, vehicles, and freight, thus serving as the “bridge” between mainland Rhode Island and the Town of New Shoreham (Block Island).

<sup>2</sup> Interstate Filing at Tariff (pages 26-27 on the portable document format).

<sup>3</sup> Interstate’s Amended Response to PUC 2-1; <http://www.ripuc.ri.gov/eventsactions/docket/5034-Interstate-AMENDED-DR-PUC2.pdf>. No volume discounts were outstanding.

<sup>4</sup> Bebyn Test. at 3.

waive the filing requirements of Part Two of the PUC's Rules of Practice and Procedure. In support thereof, Interstate cited a prior PUC Order granting such a request on the basis that the fast ferry does not constitute "lifeline" ferry services to an isolated ratepayer population.<sup>5</sup>

On June 19, 2020, the Division of Public Utilities and Carriers (Division) submitted a memorandum from Special Assistant Attorney General Christy Hetherington recommending the PUC approve the proposed rates as filed. Attorney Hetherington cited a 2006 Order in which the PUC approved a Settlement in a rate case involving both the traditional and fast ferry rates. The relevant portion of the Settlement recognized that the fast ferry service is purely discretionary and, therefore, Interstate would be authorized to file for rate changes relating solely to fast ferry services for effect on thirty days' notice. The Division agreed not to object to the proposed rate change except in extraordinary circumstances. Attorney Hetherington represented that no extraordinary events existed to warrant such objection.<sup>6</sup> Although she reviewed the history of Interstate's fast ferry rate structure and raised some potential issues of concern with the rate treatment of Interstate's fast ferry, she did not object to this filing.<sup>7</sup>

At an Open Meeting held on June 25, 2020, the PUC approved Interstate Navigation's rate filing for effect July 1, 2020. The Commission found that a comprehensive rate proceeding was not required in this matter and therefore exercised its option under R.I. Gen. Laws § 39-3-12, finding that good cause existed to waive investigation, notice, and a public hearing because the proposed services do not involve lifeline ferry services to an isolated ratepayer population.

---

<sup>5</sup> Interstate Motion for waiver, citing Order No. 19962 (In re: Interstate Navigation Fast Ferry Rates and Tariffs, Docket 4152, issued Apr. 10, 2010). *See also* Order No. 17619 (In re: Island Hi-Speed Form of Regulation and Review of Rates, Docket No. 3495, issued Nov. 25, 2003); [http://www.ripuc.org/eventsactions/orders/3495-IHSFOrd17619\(11.25.03\).pdf](http://www.ripuc.org/eventsactions/orders/3495-IHSFOrd17619(11.25.03).pdf).

<sup>6</sup> Div. Mem. at 2-3; <http://www.ripuc.ri.gov/eventsactions/docket/5034-DPUC-Memo%206-19.pdf>.

<sup>7</sup> *Id.* at 6.

One might describe the requested increase as a significant rate increase. Indeed, during discovery, Interstate advised that it hoped to seek a rate reduction when, and if, passenger capacity is no longer constrained by Covid-19 limited capacity guidelines.<sup>8</sup> Nevertheless, because Interstate's fast ferry does not, nor is it required to, provide lifeline service, the amount of the increase is not really an issue for the Commission. Interstate's fast ferry service is purely discretionary. It offers only passenger and bicycle service. It does not transport passenger cars. It is purely a matter of choice for consumers during the summer season whether or not to use the fast ferry to visit Block Island.

Finally, in accordance with an approved Settlement between Interstate and the Division, the profits from the fast ferry provide a benefit to the traditional, i.e., lifeline, service. Therefore, the lifeline service will not suffer from any competition resulting from the fast ferry alternative. It is this arrangement about which the Division appears to now have some concerns. But this is not an appropriate forum for the PUC to address these issues. If the Division wants the PUC to review Interstate's rate treatment prior to the next rate case, it should make an appropriate filing.

Accordingly, it is hereby,

(23861) ORDERED:

Interstate Navigation Company's Tariffs filed on May 27, 2020 are hereby approved for effect July 1, 2020.

---

<sup>8</sup> Interstate's Response to PUC 1-2; <http://www.ripuc.ri.gov/eventsactions/docket/5034-Interstate-DR-PUC1%206-3-20.pdf>.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JULY 1, 2020 PURSUANT TO AN  
OPEN MEETING DECISION ON JUNE 25, 2020. WRITTEN ORDER ISSUED JULY 2, 2020.

PUBLIC UTILITIES COMMISSION



---

Margaret E. Curran, Chairperson



---

Marion S. Gold, Commissioner



---

Abigail Anthony, Commissioner

**NOTICE OF RIGHT OF APPEAL:** Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the PUC may, within seven days from the date of the order, petition the Rhode Island Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.